

THE TENNESSEAN

Growth jolts TN job market to life Flurry of deals reflects firms' confidence

By Bonna Johnson • THE TENNESSEAN • May 30, 2010

Two and a half years ago, Jackson National Life Insurance was hurrying toward an expansion that would bring new business and jobs to the Nashville area.

"They were ready to sign a lease and make an announcement," said Janet Miller, chief economic development and marketing officer for the Nashville Area Chamber of Commerce. "Then the economy went into a tailspin."

Last week, the Michigan-based company finally announced it would open a 150,000-square-foot regional headquarters in Cool Springs, creating 750 jobs in three years. About 300 jobs could be in temporary space as early as July, said Matt Largen, director of economic development in Williamson County.

The insurance company's announcement is just one in a string of recent economic development gains in the area that seem to signal a growing level of confidence that the economy is rebounding.

Loews Hotel said this month it plans a shared-services center in downtown Nashville, while Nissan North America broke ground last week on a \$1 billion lithium-ion battery plant in Smyrna. On Thursday, the Vanderbilt University Children's Hospital announced a 30,000-square-foot addition, after having delayed a 2008 expansion plan that would have been much larger.

"The economy is improving, and confidence is building," said Matt Kisber, Tennessee commissioner of Economic and Community Development. "We're as busy as we've ever been."

State officials are working well over 100 active projects related to expansions and new investments, up as much as 40 percent over last year when the nation was deeper in recession, Kisber said.



NEW PLANT

Nissan North America lithium-ion battery plant

- \$1 billion investment in Smyrna
- 1,300 new jobs in late 2012/early 2013; 250 construction jobs shortly

Nissan President and CEO Carlos Ghosn arrives at the dedication ceremony for the new battery plant.

FILE / GANNETT TENNESSEE



HOSPITAL EXPANSION

Vanderbilt children's hospital

- Expansion of 30,000 square feet at current facility
- 18 months of construction to add 33 beds, research space and therapeutic programs

Kimberly Stallworth and son Jaylin wait at Monroe Carell Jr. Children's Hospital at Vanderbilt.

MANDY LUNN / FILE / THE TENNESSEAN

In the Nashville area, the number of economic development projects actively being worked is back to pre-recession levels, Miller said.

"We weren't seeing a flurry of projects of this size last year," Miller said. "We really feel like there is some pent-up demand. Our pipeline for relocations right now is incredibly full."

In a 10-county area, the chamber has 32 relocation projects in the works that represent more than 11,000 jobs, she said. That's up from about 20 projects at any given time during the past couple of years.

In Williamson County, which focuses its economic marketing primarily on luring corporate headquarters, Largen noticed that the number of projects he was tracking was down, but activity levels started picking up about three months ago. He said more companies drew up short lists and made site visits.

"The market is (now) viewed as less risky for companies to make these location decisions and start hiring," Largen said.

Business likes prospects

"You have to look at this as a start of things getting better," said economist David Penn, director of the Business and Economic Research Center at Middle Tennessee State University. "It shows companies are willing to take a longer view and are taking this opportunity when construction and real estate costs are low."

Those are desirable companies because they can look beyond the current business cycle and position themselves for 10 to 20 years down the road to serve markets they think will grow, Penn said. "But, this is not a silver bullet that will get us overnight or in six months or a year back to 2007 levels," Penn said. "That's something we're going to have to chip away at."

In a way, the recession has been friendly to Tennessee when it comes to economic development.

Sure, some projects were stalled or got delayed. But, Kisber said, as companies sought to improve their productivity during the downturn and searched for lower-cost areas for their operations, Tennessee was able to take advantage.

"Tennessee has had a very attractive business climate," Kisber said, noting the state's inclusion on various national "best of" lists that rate business climate and job creation.

The state is competitive when it comes to lease and labor rates and other associated costs, he said.



HOTEL OFFICE

Loews Hotels

- Leasing 40,000 square feet in downtown Nashville
- 200 jobs beginning in September or October

Economic and Community Development chief Matt Kisber, left, Loews CEO Jonathan Tisch and Nashville Mayor Karl Dean at the announcement.

JOHN PARTIPILO / FILE / THE TENNESSEAN



REGIONAL OFFICE

Jackson National Life Insurance

- Leasing 150,000 square feet in Cool Springs
- 750 jobs over three years; 400 by January

Chief Operating Officer Mike Wells announces a new regional office in Cool Springs.

JEANNE REASONOVER / FILE / THE TENNESSEAN



Jackson National Life Insurance Co.'s new regional office will be at One Greenway Centre at Cool Springs. The company is one of several that have decided to locate in Tennessee.

JEANNE REASONOVER / FILE / THE TENNESSEAN

For instance, New York, Chicago and the West Coast may be 150 percent of the national average on such costs, while Nashville, Memphis and Knoxville are more in the 85 percent range, Kisber said.

Plus, his department has refined the way it woos companies with specialized "toolkits," which are tailored depending on whether the state is trying to recruit a corporate headquarters, a green energy company or a data center.

And, there's always the halo effect, Kisber said.

Landing big deals like Nissan North America's headquarters in Cool Springs, a Volkswagen manufacturing plant in Chattanooga and the Hemlock Semiconductor facility in Clarksville has people turning heads. "Companies that would have passed us over are considering Tennessee now," he said.

New capital investment statewide this year includes \$608.4 million associated with 4,768 new jobs, according to Kisber's office. That includes three corporate headquarters already, as many as there were for all of 2009, Kisber said.

His office is asking for \$133 million in incentive money in this year's state budget, which includes funds that companies can tap for job training and infrastructure development. Included in that amount is \$40 million for a West Tennessee megasite (large industrial location) and an additional \$62 million for unannounced projects that economic development officials refuse to detail for fear of jeopardizing their chances at landing them.

Local governments also help sweeten the pot. In the case of Jackson National Life, for instance, Williamson County commissioners have given initial approval for a tax-abatement package that would save the company nearly \$500,000 over five years.

High-dollar job growth

The jobs associated with the most recent relocations and expansions represent a broad spectrum of skills, Miller said.

Nissan aside, most of the jobs will be white collar, including administrative, customer care, information technology, human resources and finance, Miller said.

The insurance company project with its 750 jobs is one of the largest jobs announcements in the 10-county area in the past three years, she said.

Jackson National Life Insurance Co. saw sales and deposits climb 62 percent in the first quarter to \$4.4 billion, after grabbing market share from other faltering insurers and selling more variable annuities.

Now, the subsidiary of the U.K.'s Prudential wants a regional headquarters in the Southeast. Its other regional headquarters is in Denver.

Spokeswoman Kim Isaacson said the company hasn't decided on the range of salaries for local positions yet, but the jobs will range from IT professionals to sales to possibly some in customer service.

Loews Hotel says it will create 200 high-paying jobs when it consolidates back-office functions for its far-flung 19 hotels and resorts into 40,000 square feet of leased space at the Fifth Third Center, a

bank and office complex downtown. Those jobs will start in September or October, according to the chamber of commerce.

Omnicell, a software product developer, is moving into 25,000 square feet on Donelson Pike, although the company hasn't said how many jobs will be associated with its Nashville facility.

The 1,300 jobs at the Nissan battery plant won't materialize until late 2012 or early 2013. However, some 250 construction jobs to build the battery-making facility will be needed fairly soon, to the relief of a beleaguered construction industry.

"They've selected this market largely based on their instinct that the skill set of laborers here matches up with their needs," Miller said.

Kisber had a slightly different view, saying that while some of the newly created jobs will match up well with Tennessee's labor pool, others won't.

"The jobs that are created coming out of a downturn, in terms of skill sets, are different than the ones that existed before," Kisber said, saying that's why retraining programs at community colleges and technology centers will play a major role in preparing workers for the new economy.

Either way, adding hundreds of jobs now could put at least a dent in the region's unemployment rate, including construction employment. In April, unemployment in the 13-county Nashville area stood at 9.2 percent, down slightly from 9.5 percent a month earlier.

"Unemployment has hit across a vast spectrum of skills, occupations and levels of experience," Penn said. "There's not a segment of the labor market that hasn't been negatively affected, so companies will have no trouble finding qualified applicants."